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CME Group

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May 21, 2010

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

**RE: Change in the Contract Grade of CBOT U.S. Treasury Bond Futures
CBOT Submission #10-132**

Dear Mr. Stawick:

Pursuant to Commission Regulation 40.6 and Section 5c(c)(1) of the Commodity Exchange Act, the Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") hereby certifies amendments to Exchange Rule 18101.A. governing the contract grade of CBOT U.S. Treasury Bond futures. The Exchange certifies that these changes do not violate the Act or the Commission's regulations.

By this letter, the CBOT seeks to amend Rule 18101.A. by changing the contract grade of U.S. Treasury Bond ("T-Bond") futures, such that Treasury bonds eligible for physical delivery shall be limited to those with remaining terms to maturity of at least 15 years, but less than 25 years, from the first day of the contract delivery month (see Attachment 1). Under current rules, the contract grade calls for physical delivery of Treasury bonds with a remaining term to maturity at least 15 years from the first day of the contract delivery month.

Capping the T-Bond futures deliverable grade at less than 25 years of remaining term to maturity will enable the CBOT to eliminate the existing overlap in deliverable grade between T-Bond futures and the Long-Term U.S. Treasury Bond ("Ultra") futures that the Exchange listed for trading on January 11, 2010. By eliminating this overlap, the Exchange will have two distinct yet complementary Treasury bond futures contracts that will appeal to hedgers, speculators, and relative value traders.

With a deliverable grade based on bonds with remaining terms to maturity between 15 and 25 years, T-Bond futures will continue to serve as the Exchange's principal short-term bond futures contract. Ultra futures, with a deliverable grade that references bonds with remaining terms to maturity of 25 years or more, will serve as the Exchange's primary long-term bond futures contract. Over time, as a bond's remaining term to maturity falls below the Ultra contract's minimum maturity threshold of 25 years and thereby becomes ineligible for delivery into Ultra futures, such bond will immediately become eligible for delivery into a T-Bond futures contract.

The Exchange projects that contract grades for T-Bond futures for delivery in 2011will contain between 10 and 12 different cash Treasury bond issues with an aggregate deliverable supply between $131 billion and $148 billion (see Attachment 2). The Exchange has determined that such deliverable supply should suffice to meet the contract's physical delivery requirements. Given recent large and frequent amounts of issuance of bonds by the U.S. Treasury Department, the contract grade for T-Bond futures is expected to increase above the projected 2011 levels as recent issues age, fall out of the deliverable grade of Ultra Bond futures, and become eligible for delivery into the T-Bond contract.

The Exchange intends to apply this rule change to T-Bond futures for delivery in March 2011 and thereafter. Specifically, the Exchange intends to list for trading T-Bond futures for delivery in March 2011, with terms and conditions as amended herein, on **Tuesday, June 22, 2010**. This rule change shall not apply to T-Bond futures for delivery in June 2010, September 2010, and December 2010, which are already listed for trading.

Please direct inquiries regarding this submission to Daniel Grombacher at 312.634.1583 or daniel.grombacher@cmegroup.com, or me. Please reference CBOT Submission #10-132 in any related correspondence.

Sincerely,

/s/ Stephen M. Szarmack
Regulatory Counsel

Attachments

Attachment 1

Proposed Changes in U.S. Treasury Bond Futures

(Additions are underlined.)

18101. CONTRACT SPECIFICATIONS

18101.A. Contract Grade

The contract grade for delivery on futures made under these Rules shall be U.S. Treasury fixed-principal bonds which have fixed semi-annual coupon payments, and which:

(a) if not callable, have a remaining term to maturity of at least 15 years but less than 25 years; or
(b) if callable, are not callable for at least 15 years, and have a remaining term to maturity of less than 25 years.

For the purpose of determining a U.S. Treasury bond's eligibility for contract grade, its remaining term to maturity (or, if callable, its remaining term to first call) shall be calculated from the first day of the contract's named month of expiration, and shall be rounded down to the nearest three-month increment (e.g., 15 years 5 months 18 days shall be taken to be 15 years 3 months).

New issues of U.S. Treasury bonds that satisfy the standards in this Rule shall be added to the contract grade as they are issued. Notwithstanding the foregoing, the Exchange shall have the right to exclude any new issue from the contract grade or to further limit outstanding issues from the contract grade.

Attachment 2

U.S. Treasury Bond ("T-Bond") Futures Delivery Basket

This table contains conversion factors for all U.S. Treasury bonds eligible for delivery as of April 8, 2010. (The next auction is tentatively scheduled for May 13, 2010.)
Conversion factors in this document are based on a 6 percent notional coupon.

	Coupon	Issue Date	Maturity Date	Cusip Number	Issuance (Billions)	Mar. 2011	Jun. 2011	Sep. 2011	Dec. 2011
1.)	6 7/8	08/15/95	08/15/25	912810EV6	$10.1	—	—	—	—
2.)	6	02/15/96	02/15/26	912810EW4	$11.9	—	—	—	—
3.)	6 3/4	08/15/96	08/15/26	912810EX2	$7.9	**1.0741**	**1.0735**	—	—
4.)	6 1/2	11/15/96	11/15/26	912810EY0	$9.4	**1.0500**	**1.0494**	**1.0490**	—
5.)	6 5/8	02/18/97	02/15/27	912810EZ7	$9.5	**1.0630**	**1.0625**	**1.0618**	**1.0613**
6.)	6 3/8	08/15/97	08/15/27	912810FA1	$8.5	**1.0385**	**1.0382**	**1.0377**	**1.0375**
7.)	6 1/8	11/17/97	11/15/27	912810FB9	$19.5	**1.0130**	**1.0127**	**1.0127**	**1.0125**
8.)	5 1/2	08/17/98	08/15/28	912810FE3	$10.0	**0.9466**	**0.9472**	**0.9475**	**0.9481**
9.)	5 1/4	11/16/98	11/15/28	912810FF0	$10.0	**0.9194**	**0.9200**	**0.9208**	**0.9213**
10.)	5 1/4	02/16/99	02/15/29	912810FG8	$10.0	**0.9187**	**0.9194**	**0.9200**	**0.9208**
11.)	6 1/8	08/16/99	08/15/29	912810FJ2	$10.0	**1.0136**	**1.0136**	**1.0134**	**1.0134**
12.)	6 1/4	02/15/00	05/15/30	912810FM5	$15.0	**1.0281**	**1.0278**	**1.0277**	**1.0274**
13.)	5 3/8	02/15/01	02/15/31	912810FP8	$15.0	**0.9281**	**0.9287**	**0.9291**	**0.9297**
14.)	4 1/2	02/15/06	02/15/36	912810FT0	$24.0	**0.8078**	**0.8087**	**0.8095**	**0.8105**
15.)	4 3/4	02/15/07	02/15/37	912810PT9	$14.0	0.8370	0.8378	0.8384	0.8392
16.)	5	08/15/07	05/15/37	912810PU6	$14.0	0.8692	0.8696	0.8702	0.8707
17.)	4 3/8	02/15/08	02/15/38	912810PW2	$15.0	0.7848	0.7857	0.7865	0.7874
18.)	4 1/2	08/15/08	05/15/38	912810PX0	$20.0	0.8007	0.8013	0.8022	0.8029
19.)	3 1/2	02/17/09	02/15/39	912810QA9	$25.0	0.6641	0.6653	0.6665	0.6678
20.)	4 1/4	05/15/09	05/15/39	912810QB7	$36.0	0.7641	0.7648	0.7657	0.7665
21.)	4 1/2	08/17/09	08/15/39	912810QC5	$39.0	0.7970	0.7978	0.7984	0.7992
22.)	4 3/8	11/16/09	11/15/39	912810QD3	$42.0	0.7794	0.7801	0.7809	0.7816
23.) @	4 5/8	02/16/10	02/15/40	912810QE1	$42.0	0.8126	0.8133	0.8139	0.8146

		Mar. 2011	Jun. 2011	Sep. 2011	Dec. 2011
T-Bond Delivery Basket before Change	Number of Eligible Issues:	21	21	20	19
	Dollar Amount Eligible for Delivery:	$395.8	$395.8	$387.9	$378.5
T-Bond Delivery Basket after Change	**Number of Eligible Issues:**	**12**	**12**	**11**	**10**
	Dollar Amount Eligible for Delivery:	**$148.8**	**$148.8**	**$140.9**	**$131.5**
Ultra Bond Delivery Basket	Number of Eligible Issues:	9	9	9	9
	Dollar Amount Eligible for Delivery:	$247.0	$247.0	$247.0	$247.0

Footnotes: "@" indicates the most recently auctioned U.S. Treasury security eligible for delivery. The information contained in this publication is taken from sources believed to be reliable, but is not guaranteed by the CME Group as to its accuracy or completeness, nor any trading result, and is intended for purposes of information and education only. The Rules and Regulations of the CME Group should be consulted as the authoritative source on all current contract specifications and regulations. To obtain updated conversion factors, please visit the Exchange's website at www.cmegroup.com.